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Hal B. Lary  
Council of Economic Advisers

2 March 1959

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Comments on Richard Moorsteen's Article in  
World Politics, January 1959, Entitled  
"Economic Prospects for Communist China"

1. This memorandum is for your information and has been prepared in response to your informal request for our evaluation of the subject article.

2. We consider Mr. Moorsteen's article an excellent analysis of Communist China's present economic position, problems, and prospects for further development. Many of the points independently developed by Mr. Moorsteen have been examined in research done in ORR and our conclusions are largely similar to Mr. Moorsteen's.

3. There is only one substantive point on which there is an important difference between Mr. Moorsteen's and our views, namely, that agricultural production was only restored to the level of the 1930's by 1957. A Rand study of this subject produced in 1956, which is accepted by Mr. Moorsteen, does not take into account the relationship of output to total population existing in the two periods. If the level of output in 1957 had only reached the level prevailing in the 1930's, then it would be impossible to accept the Chinese Communist population figures for 1957, as Mr. Moorsteen does, because this would imply an unsupportably low per capita food consumption in 1957. Our view is that the pre-Communist estimates of population, total acreage under cultivation and food production in the 1930's were too low; that there was, in fact, an increase in population of over 100 million between the 1930's and 1950's, and that food production between the 1930's and 1957 probably increased at a slightly higher average rate than did population, so that per capita food output by 1957 was only slightly better than in the 1930's. On the other hand, the evidence is clear that output of agricultural raw materials, especially cotton, had greatly improved between the two periods, allowing considerable improvement in per capita consumption of cotton cloth.

4. Otherwise, our present views differ from Mr. Moorsteen's only in a minor degree.

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